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# TAX HELP DUE FIRMS AIDING IN CUBA SWAP

## Internal Revenue Service Expedites Ruling On Donations

Castro lifts ban on food, clothing shipments to prisoners. Page 8

Washington, Dec. 19 (AP)—The Internal Revenue Service ruled tonight that any person or any firm that donates medicine or food in the Cuban prisoner exchange may list the value as a charity tax deduction.

Mortimer M. Caplin, revenue commissioner, said no special privilege is being granted, but the ruling is an interpretation of the law under which some 40,000 taxpayers get similar deductions each year.

This means drug manufacturers will be permitted to charge off \$25,000,000 in taxes for the drugs prepared for shipment to Cuba if Fidel Castro releases the 1961 invasion captives.

It could bring repercussions from members of Congress who have said such deductions would in effect be a direct use of Government money to pay ransom.

### Red Cross Handles Supplies

"It was ruled that contributions would be deductible since they went to an organization qualifying as charitable under the tax law," Caplin said in a statement. In this case the Red Cross is handling the medicines and food.

Deductibility of contributions would be subject to the percentage limitations provided in the Internal Revenue Code. This is 3 per cent of net income for all charities each year, which would provide considerable leeway in the case of drug manufacturers, a service spokesman explained.

The contributed goods are valued at the lowest price at which the goods are regularly sold to the contributors' usual customers. That means the drug manufac-

turers would get deductions at wholesale prices.

"To preclude double deduction," Caplin said, "appropriate accounting adjustments must be made to remove the cost of goods contributed from costs of goods sold" in the project.

### "Customarily Expedited"

The commissioner, in commenting on the speed with which his agency acted in ruling on the Cuban prisoner cache donations, said:

"On showing of humanitarian or other pressing reasons rulings are customarily expedited. These rulings were expedited under this standard and in no other respect were out of the ordinary."

Opposition to such relief was expressed earlier in the day by Senator Hickenlooper (Iowa), chairman of the Senate Republican Policy Committee. He said it would be a "direct use of government money for the payment of ransom."

But Senator Mansfield (Mont.), Democratic leader, predicted that Congress would go along with any Administration move to give tax relief to the drug manufacturers. Earlier in the year, key mem-

bers of Congress killed a move to use \$13,500,000 in available Central Intelligence Agency funds to pay for medical supplies in the proposed prisoner exchange. They made it clear they would not go along with the direct use of Federal funds for the payment of what they called ransom.

Any tax allowance would be an Administrative matter which ordinarily would not be reviewed by Congress. But the ransom charges have stirred such a furor in the past the Administration might hesitate to revive them.

Mansfield said that the United States has an obligation to the prisoners because it is in part responsible for their plight after the ill-fated invasion.

"If the drug companies are will-

ing to furnish medicine for the benefit of the Cuban people, then this is not payment of ransom but a cooperative gesture on the part of the Government to undertake such tax relief," Mansfield said.

"If this country had not been in part responsible for the fate of the prisoners that would put a different aspect on the matter."

Hickenlooper said he is opposed to giving the tax relief.

"This is direct use of public money for ransom," he said. "We would be yielding to ransom demands just the same as was proposed in the trading of tractors for prisoners."

Castro has demanded \$62,000,000 in food and drugs for release of the prisoners. Presumably enough food would be offered to make up the difference.

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